

ANNUAL ESG REPORT 2023

Creating value for tomorrow

JUURI FUND II

JUURI
PARTNERS





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Executive summary



Juuri Partners — The partner for small and medium-sized enterprises

A Finland-based private equity firm aligning interests with entrepreneurs since 2015

A sector agnostic private equity company...	...partnering with growth entrepreneurs and...	...aligning interests through bespoke transaction models
<div>Complementary skillsets</div> <div>13 people</div>	<div>Real partnerships with entrepreneurs</div> <div></div>	<div>Mostly minority ownerships</div> <div></div>
<div>Funds under management</div> <div>2</div>	<div>A business plan made together</div> <div></div>	<div>Growth financing</div> <div></div>
<div>Assets under management</div> <div>200+ (m€)</div>	<div>Sharing the ups and downs</div> <div></div>	<div>Liquidity to entrepreneurs</div> <div></div>
<div>Investments made</div> <div>20</div>	<div>Support throughout the shared journey</div> <div></div>	<div>Risk sharing</div> <div></div>

Quotes from the ESG team

“

The basis of our ESG operations is a strategy-based, value creative ESG approach. Last year we made several agile initiatives attempting to make the value created by Juuri team's ESG efforts more transparent. A top-down fund level net impact analysis, bottom-up detailed analyses of few companies with substantial ESG related value creation opportunities and ESG vendor assistance analysis as a part of exit preparations are examples of these initiatives. But the focus remains in finding new perspectives to value creation through ESG during our holding period”

Tapani Varjas

“

The ESG landscape is evolving quickly and new topics such as biodiversity are gaining more importance across the board; our role is to keep our portfolio companies ahead the curve in impact and sustainable handprint, in order to achieve this we are constantly looking for new tools and methodologies the key being that the whole Juuri Partners team is up to date and educated in ESG matters, with this in light I am proud to say that also this year 100% of the deal teams have received ESG trainings”

Antti Antikainen

“

Year 2022 was another productive year with our portfolio companies, and it's great to see the managements' motivation and willingness to learn more about sustainability. We've had ESG onboarding with two of our newest investments, and also, we raised the topic as one of the educational themes in the Juuri Finance Forum to our CFOs. CSRD will bring ESG reporting even closer to the finance department and the traditional reporting cycle, and we want to ensure that our finance teams are equipped to thrive in the regulatory environment in the future as well. I've had many fruitful conversations with our portcos throughout the year and it's great to learn together and proactively push the business practices in a more sustainable direction”

Jenni Suhonen

Hot topics

Three main goals and their implementation status

OUR IMPACT



- Net impact modelling prepared with Upright for Fund II forming a holistic part of our annual ESG work
- GHG analysis of the GP ongoing on granular level

ESG VALUE CREATION



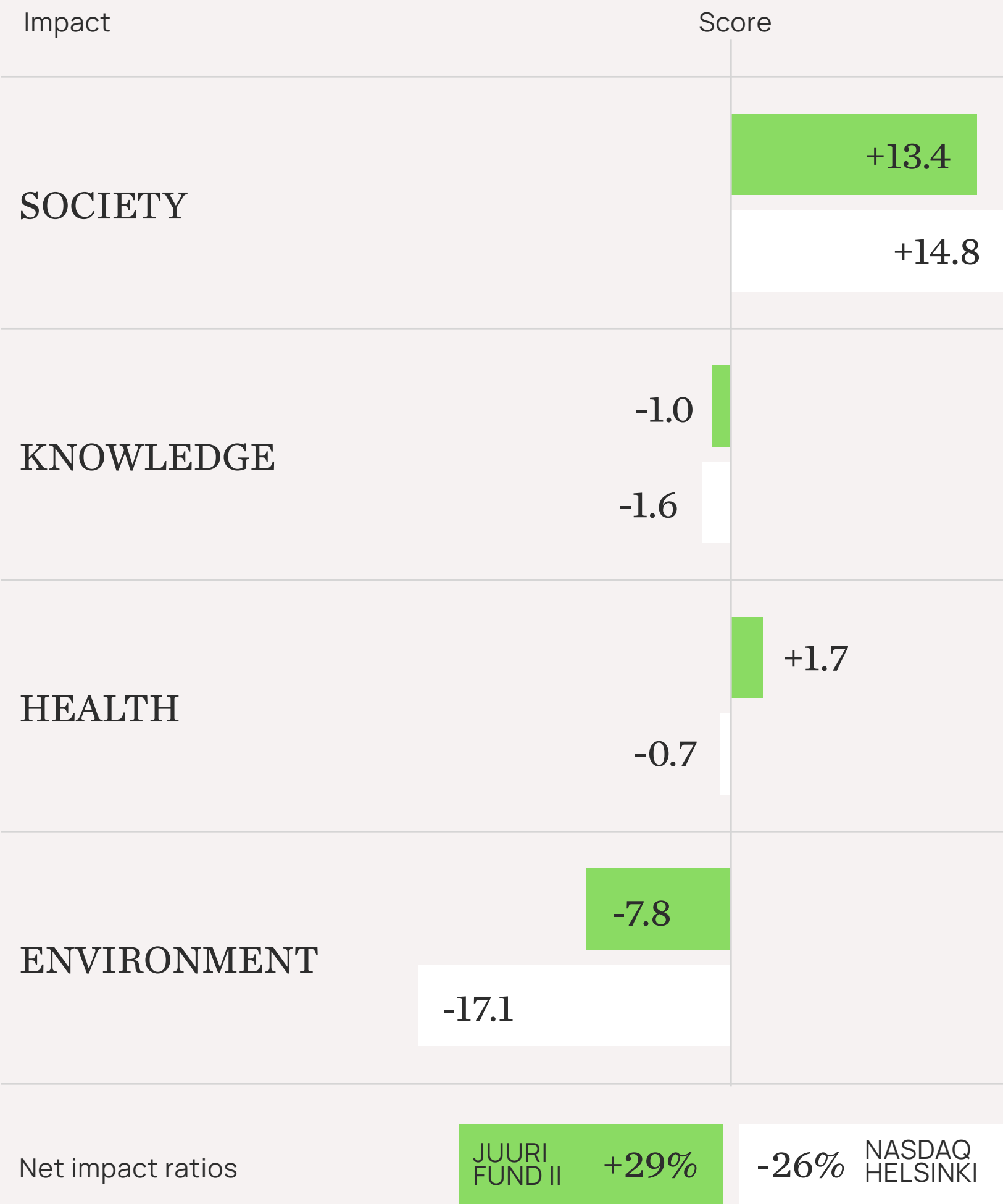
- ESG Workshops underway to find ESG value drivers
- ESG work ongoing as part of an exit process for discovering potential impact upside

REPORTING



- PRI reporting to be practiced during the voluntary 2023 disclosure year

Fund II’s net impact vs. Nasdaq Helsinki



EXECUTIVE SUMMARY

Most companies
have a clear
net positive impact

Company specific net impact ratios

Mediconsult	+71 %
Co-Engineering	+61 %
Jobilla	+51 %
Nitor	+38 %
Taratest	+26 %
DAF Group	-8 %
Kamrock	-64 %

Fund II net impact score

Juuri Fund II net impact score modelled with Upright



ESG at Glance



Basis of our ESG approach

Active stakeholder in impact	During 2022 and 2023 Juuri Partners ESG team has undertaken multiple activities to keep ahead the curve, this includes strong collaboration with PRI, participation in FVCA ESG workgroup and acting as lecturer for ESG matters	6/7	of portfolio companies trained in ESG matters
Strong Commitment to ESG Excellence	The whole team is responsible for ESG related matters, each deal team ensures that ESG is taken into account during investment process and in the portfolio companies during ownership and 100% of the team has received ESG training	100 %	of team members trained in ESG during last year
Compliance and Value Creation	The basis of our ESG is the strong commitment to creating value through ESG and pragmatically implementing high ESG related standards to our operations and portfolio companies	4x	workshops with portfolio companies last year

Core principles of our ESG Approach

Pragmatic Approach to ESG

- Juuri Partners has since beginning had a very strong culture with respect to ESG and creation of value through ESG
- We are in excellent position to benefit from the increasing focus to ESG and the related market shift
- The whole team is involved in ESG work and we perfect the governance of our portfolio companies

Creating Value Through ESG

- Our impact: we invest in transformative growth companies
- Our value-add: we help our portfolio companies scale sustainable Nordic solutions
- Our team: we are constantly developing and committed to high ESG standards

Strong Compliance with UNPRI and SFDR

- Juuri Partners is an UN PRI signatory
- Our contemplated Juuri Fund III will be officially labeled as Article 8 fund under SFDR

GHG Measurement of Juuri Partners

As part of our commitment for ESG we also wanted to better understand our own GHG emissions, the preliminary results for the work conducted were available at the time of publishing this report:

GHG Emissions of Juuri Partners were measured for year 2022

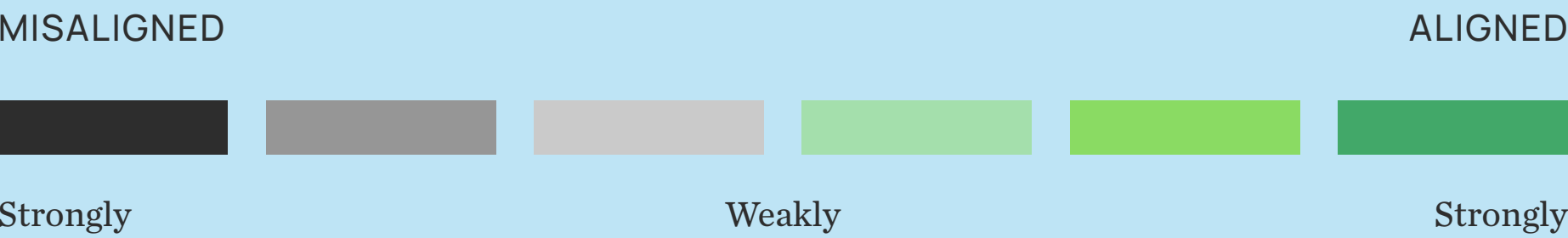
SUMMARY – CARBON FOOTPRINT OF JUURI PARTNERS					
Scope	Category	t CO ₂ e	t CO ₂ e	%	
SCOPE 1	Fuels	0	0	0 %	0 %
SCOPE 2	Electricity	0	22	30 %	0 %
	Heating	22	0	0 %	30 %
	Cooling	0	0	0 %	0 %
SCOPE 3	Fuel- and energy-related activities	2	52	70 %	3 %
	Waste and waste logistics	0,1	0	0 %	0 %
	Water	0	0	0 %	0 %
	Business travel	19	0	0 %	25 %
	Employee commuting and remote work	5	0	0 %	6 %
	Purchases; products	0,1	0	0 %	0 %
	Purchases; services	26	0	0 %	36 %
TOTAL		74	74	100 %	

ESG Metrics and Reporting






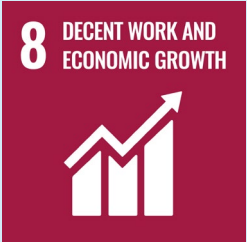


















Upright as benchmark

Upright modelling supports the conclusions reached with our holistic ESG approach and workshops with the portfolio companies



JUURI FUND II – UN SDG ALIGNMENT			
UN sustainable development goal		% of revenue misaligned	% of revenue aligned
 2 – Zero Hunger		1.1 %	
 3 – Good Health and Wellbeing		1.4 %	 10.5 %
 6 – Clean Water and Sanitation		0.5 %	 0.5 %
 7 – Affordable and Clean Energy			 5.0 %
 8 – Decent Work and Economic Growth			 30.1 %
 9 – Industry, Innovation and Infrastructure			 10.1 %
 11 – Sustainable Cities and Communities			 1.3 %
 12 – Responsible Consumption and Production			0.1 %
 13 – Climate Action		2.8 %	 3.3 %
 14 – Life Below Water			
 15 – Life on Land		9.8 %	 1.2 %
Upright model version 1.0.0 on 30th May 2023 at 06:12 GMT			

Investments split by UN SDGs

Main impact	Sustainable Development Goals	Company	Megatrends
Digital		  	Resilient infrastructure Inclusive and sustainable industrialization Foster innovation
Economic		    	Sustained, inclusive, and sustainable economic growth Full and productive employment Decent work for all
Social	  	  	Gender equality and empowering all women and girls Reduce inequality within and among countries Ensure healthy lives and promote well-being for all
Environmental	  	   	Resource scarcity Energy transition & climate change Biodiversity

Case studies

ESG in Action – Nitor,
Kamrock (update) and
Flowplus



Switching to electricity and update on manufactured sand

- In 2022, Kamrock invested in a crushing plant on its largest site, Kittilä gold mine. The investment will enable crushing fully with electricity instead of current situation, where all crushing is executed with diesel-powered crushers. The crushing plant will be operational during the summer of 2023.
- In addition to the environmental and monetary benefits, the investment also enables safer working environment as the new crusher will be fixed and indoor inside a plant. As the site is located in rough mining environment in Northern Finland with harsh weather conditions, working outdoors causes risks for slipping and machine breakdowns.
- The company is also in negotiations with several of its large customers to draw electric lines to the sites, in order to enable switching fuel sources from diesel to electricity as all the mobile crushers can be powered by electricity.
- Good development in manufactured sand. Add-on acquisition of the previous year in Ostrobothnia enabled geographical expansion of the manufactured sand offering, leading to over doubling of the volume.

“With circa 1.5 million tonnes stones crushed per year at the site, the switch to electricity will lead to annual savings of close to two million CO2 equivalents on an annual basis.

Good development in manufactured sand. Add-on acquisition of the previous year in Ostrobothnia enabled geographical expansion of the manufactured sand offering, leading to over doubling of the volume.”

Legal Name
Kamrock Oy

Investment Date
19 Nov 2020

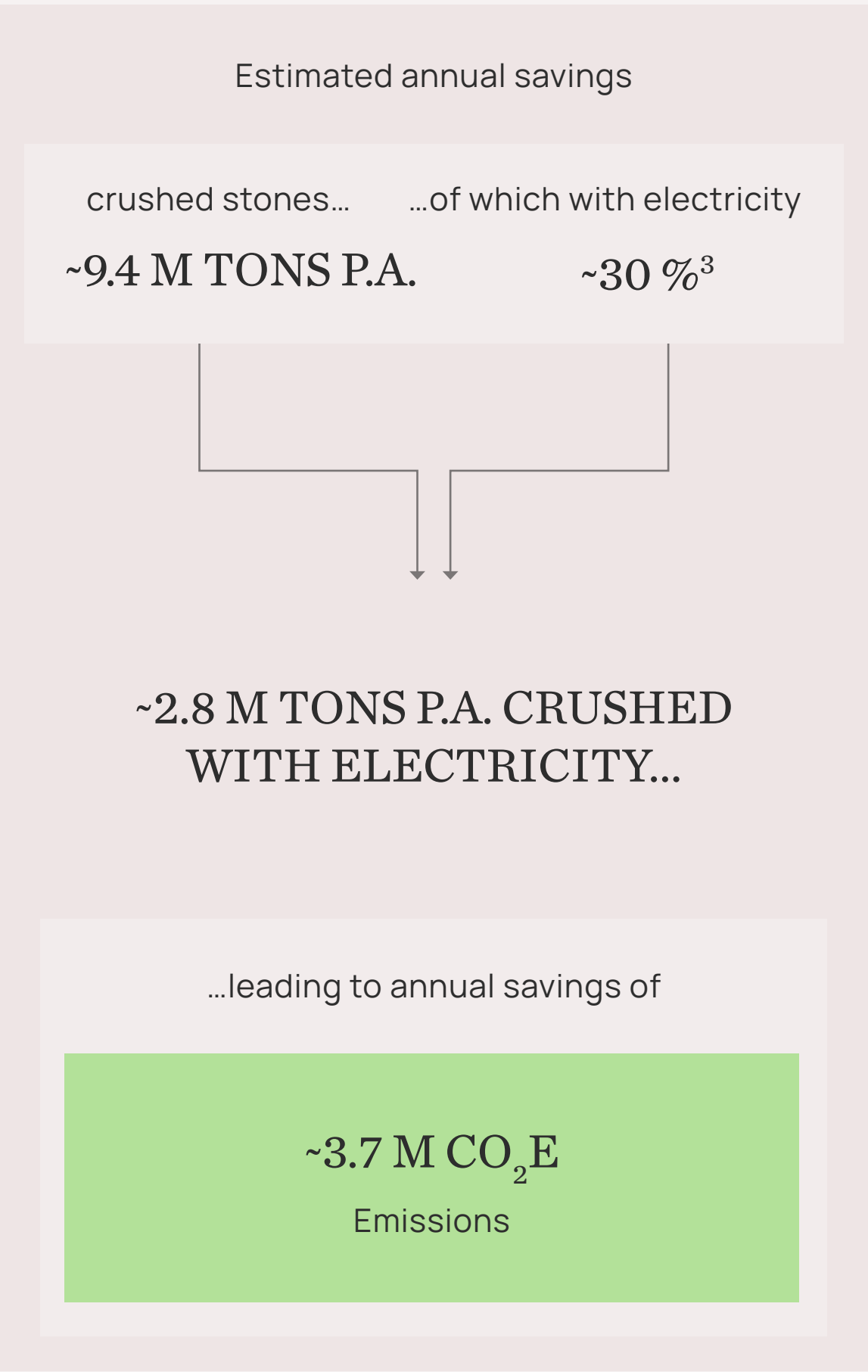
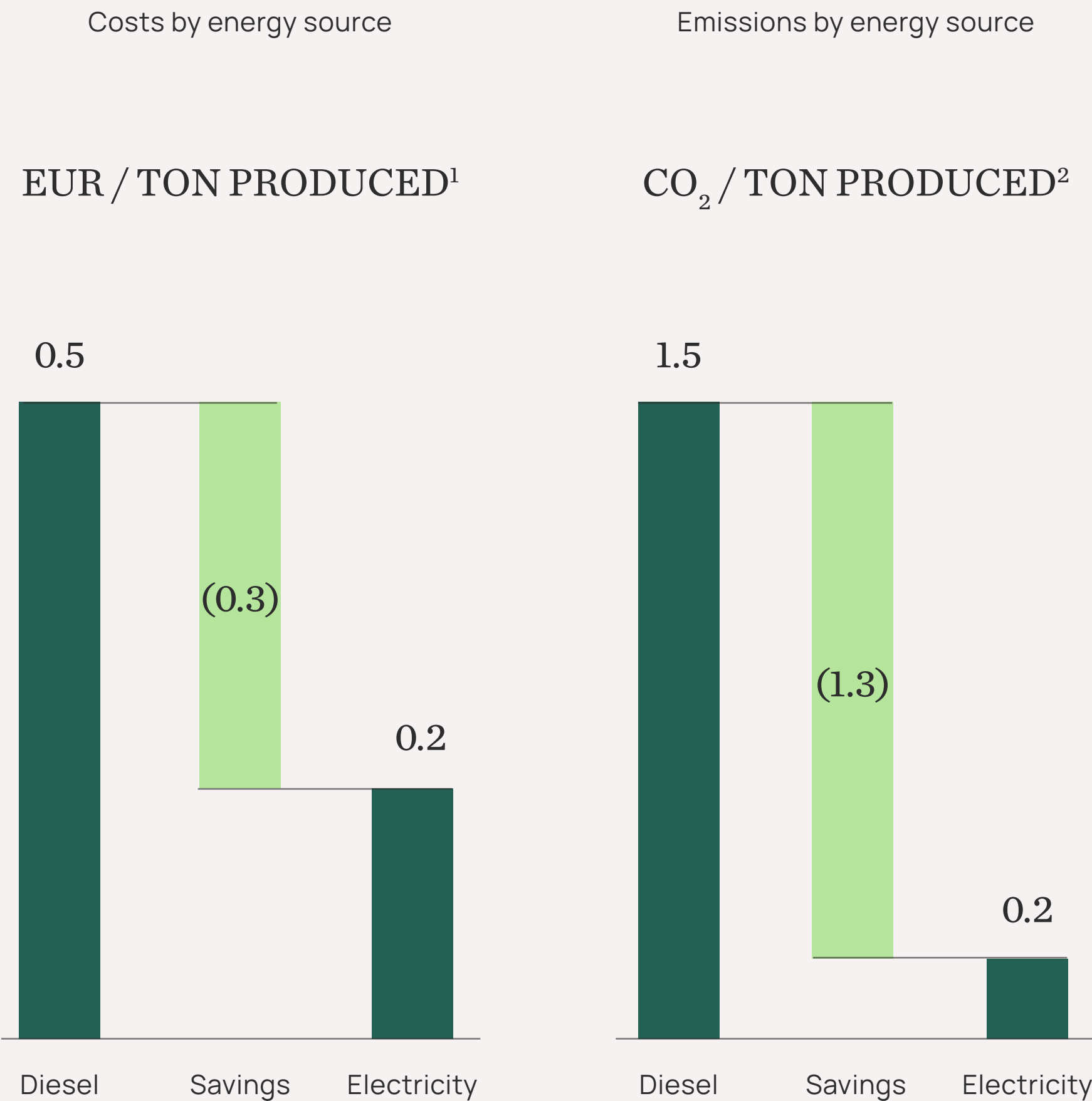
Location
Kempele, Finland

Website
kamrock.fi

Deal Team
Tommi Asmala & Aki Samaletdin

Creating value through ESG work

By enabling crushers to run on electricity, both costs and emissions can be decreased



Key events of 2022 and outlook for the future

Environmental activities

Decided to start investing in a crushing plant at largest site, where crushing can in the future be conducted with electricity leading to substantial CO2 emission reductions. Plant to be operational in H2/2023

Discussions with several site owners to draw electricity lines to sites in order to power crushers with electricity instead of diesel. By H1/2023 one investment already made with another in the pipeline

Good growth in manufactured sand
Signed a new long-term contract with a machinery dealer with a goal to renew all dumpers and excavators with new ones. First couple of dumpers renewed: from diesel-powered to hybrid-powered

Social activities

New HR system implemented
Development of occupational safety: Education sessions held, and reporting implemented

Governance activities

Management system development: Development discussions started throughout the company

Net impact ratio



-64 %



Kamrock’s most significant positive influence lies in the societal domain. The primary source of this positive contribution stems from its impact on societal infrastructure, primarily driven by its offerings of manufactured sand, and stone-crushing services. As a pioneer in manufactured sand production, the company is actively contributing to biodiversity conservation by reducing the demand for natural sand.

CASE STUDIES – KAMROCK OY

Specialty rock
crushing services
for infra,
construction and
mining industries

	UN SDG	Comment	Metric	A2021	A2022
Social		Kamrock has high emphasis on employees' work safety in an industry that has not necessarily been up to the modern standards in employee safety.	Headcount, total	112	116
			Female -%	4 %	3 %
			Male -%	96 %	97 %
			Gender ratio C-level:		
			Female -%	25 %	25 %
			Male -%	75 %	75 %
			Gender ratio Board:		
			Female -%	20 %	20 %
			Male -%	80 %	80 %
			Employee satisfaction ("Net Promoter Score", scale -100 - +100)	46	50
Environmental		Natural sand is depleting and an alternative needs to be found to protect the existing ridges and other sand resources. Sand resources are located at longer distances from end-users, increasing the emissions from transportation. By manufacturing sand from bedrock, the transportation distance can be significantly decreased. By using manufactured sand, the amount of cement in concrete can be reduced by up to 15%. Additionally, Kamrock's process and machinery reduce the amount of waste in macadam by up to 30%.	Amount of manufactured sand, tons produced	26 060	269 239
			Tons of CO2e emissions, Upright modeled estimate	Scope 1	5,495
				Scope 2	7,101
				SCOPE 3	58,918

CASE STUDIES – NITOR GROUP OY

Nitor – Driving strategic sustainability change

Sustainability is a core part of the corporate culture at Nitor, and in 2021 the topic got an even more strategic role when two sustainability engineers took responsibility for the systematic development of the sustainability actions of the company. The starting point for moving things forward was excellent: governance issues were in order, and there was a big emphasis on employees' well-being and skills development. The sustainability engineers' goal was to build an ESG approach for Nitor and to create guidelines, especially for the development of environmental issues. The idea was to put Nitor's internal operating methods for responsibility in order first and to make sure all the employees were involved in the process, after which it would be easier to

move things forward in the value chain in the direction of customers and suppliers.

Nitor has been a member of the UN Global Compact since 2016, and in 2022 Nitor applied for the early adopter program where reporting is done through a new platform and the company's processes are evaluated based on the ten principles of the UN Global Compact, as well as the UN SDGs. The company joined the WWF's Green Office initiative at the end of 2021. The goal of the program is to create an environmental program for Nitor, which helps the company to promote sustainability, and the annual reporting ensures that the development stays on the right track.

“Considering responsibility as an integral part of the solutions offered to the customer is a large and interesting body of work, with the possibility to multiply the positive footprint through the final product at the customer's end. This requires time, work, and commitment so that the themes can be taken through design and engineering to the customer.”

Legal Name
Nitor Group Oy

Investment Date
23 Oct 2020

Location
Helsinki, Finland

Website
nitor.com/fi

Deal Team
Hanna Viinikainen, Tapani Varjas & Eetu Blomqvist

CASE STUDIES – NITOR GROUP OY

As the latest step forward in sustainability, Nitor took on calculating emissions according to the GHG protocol. Nitor’s goal is to become part of the SBTi initiative by the end of 2023. Ari Koli, one of the sustainability engineers, thinks it’s a necessary step if the company wants to become a serious sustainability operator in the tech industry. Joining requires a commitment to reduce all company emissions by more than half in the short term and by more than 90 percent by 2050. The emissions calculation was carried out together with an expert organization specialized in the field. The most important thing in emissions calculation is mapping the current situation and defining what one wants to understand from the data. At Nitor, the matter was approached by defining its own taxonomy, which helped to clarify the understanding of the necessary data. When it’s clear where the emissions come from, it is easier to start building a concrete roadmap toward emission reduction goals, which then fuels the discussions about alternative ways of working.

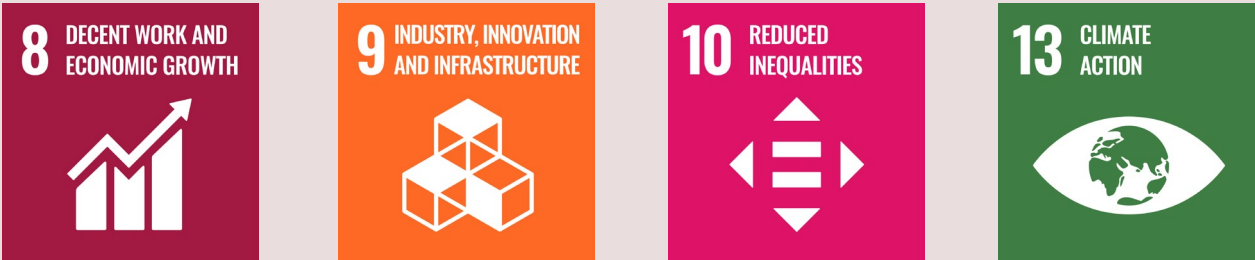
Nitor’s employees are involved in sustainability work through internal communications and regularly organized orientations and information sessions. The goal is to get everyone involved one way or the other and integrate sustainability into all operations of the company. To support this, Nitor has also launched a sustainability onboarding program for every new employee. The company website has been updated on sustainability and external communications have been sharpened as the topic is also of interest to customers. There is a clear guideline to avoid greenwashing: ” Communication about sustainability should maintain a professional approach and the statements should rather be on the careful side – one needs to understand what claims they are making. You must be able to divide goals into sub-goals and there needs to be clear proof that things are developing in the right direction”.

The importance of sustainability will only grow in the future, and therefore sustainability ought to be seen holistically as a whole so that different areas complement each other and communicate. The purpose is to crystalize Nitor’s long-term strategic objectives into clear ESG metrics that can then be used to guide sustainability activities in the right direction. The gradual, concrete definition of emission reduction measures is also scheduled to start when the emission calculation for the current year is completed, and the starting situation clarified. There has been little need to sell the idea of responsibility internally because the themes have strong support from management, and the personnel is committed to promoting sustainability actions. It also makes the work meaningful: “Everything that we have learned has been put into practice and that has made things worthwhile”.

Getting to the base level requires work and expertise from different areas of the firm, and Nitor has many competent people involved in the responsibility work from different departments. The company has a few key people driving the efforts, strong support from the organization, and the willingness to cooperate, thanks to which things have progressed rapidly in the right direction in recent years. “It’s easy to act when you have the support of the company’s management, and doing it is rewarding because the work done moves the company forward.”

Net impact ratio

+38 %



Nitor’s net impact ratio is characterized by its ability to generate substantial positive value in society through knowledge distribution, which is mostly driven by its software development, and cloud data management consulting services where also sustainability factors are considered as part of the product and service offering.

Key events of 2022 and outlook for the future

1

The company has a strong company culture and job satisfaction is regularly monitored. Nitor invests heavily in employee satisfaction through personnel benefits and working environment comfort.

2

The company strongly promotes employee engagement, and currently nearly half of the employees are owners of the company. A new employee share program was launched in May 2022. Nitor has won the Great Place to Work award twice in Finland and was #2 and #3 on the European level.

3

Having two sustainability engineers, Nitor has a strong focus on developing sustainability related practices. Nitor has committed to the UN Global Compact principles, SDGs and WWF Green Office program. In addition to compensating for its emissions,

Nitor has done responsibility work e.g. by organizing internal Digital Sustainability Hackathon events where it has lowered its own carbon footprint. This year, Nitor is engaging in Science Based Targets initiative and developing the ESG metrics both from employee and client perspective.

CASE STUDIES — NITOR GROUP OY





Sustainable digital development

1) Described in Nitor Code of Conduct (work in progress)

2) Part of Nitor risk management process

3) Described in Nitor Privacy Policy (<https://nitor.com/en/privacypolicy>)

*ranked #1 out of 162 companies

	UN SDG	Comment	Metric	A2021	A2022
Digital		Nitor focuses on sustainable digital development and instead of developing one-off solutions the company provides products and services with a long life cycle and lasting value (Ethics of AI/cloud-first).	Description of approach to ensuring professional integrity (1)	Implementation by the end of 2022	Yes
			Description of approach to identifying and addressing data security risks (2)	Implementation by the end of 2022	Yes
			Description of policies and practices relating to the collection, usage, and retention of customer information (3)	Implementation by the end of 2022	Yes
Economical		Nitor aims to create a sustainable growth path by building long-lasting relationships with the customers and employees. Customer and employee satisfaction are at the core of the business.	Customer satisfaction (scale 1-6)	4.51	5.37*
			Employee satisfaction ("Nitor Promoter Score", scale 1-10)	9.1	9.0
Social		Theme relates to equality across different groups (ethnic, age, gender) within and among countries. Nitor promotes inclusivity and diversity on IT sector and works together with Inklusiiv to assure diversity at every level of the organization.	Headcount, total	193	212
			Female -%	17 %	17 %
			Male -%	83 %	83 %
			Gender ratio C-level:		
			Female -%	0 %	0 %
			Male -%	100 %	100 %
			Gender ratio Board:		
			Female -%	17 %	17 %
			Male -%	83 %	83 %
			Percentage of budgeted core and learning hours		
			Core:	26 %	30 %
			Academy:	72 %	61 %
			Sickness absence %	2.8 %	4.9 %
Environmental		Nitor takes action to combat climate change and its impacts by reducing its own carbon footprint, and by designing digital solutions to reduce customers' carbon footprint	Tons of CO2e emissions baseline accounted using GHG protocol	Scope 1	0
				Scope 2	40
				Scope 3	403
		Nitor has signed The UN Global Compact as well as WWF Green			

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